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DIRECTORATE OF  
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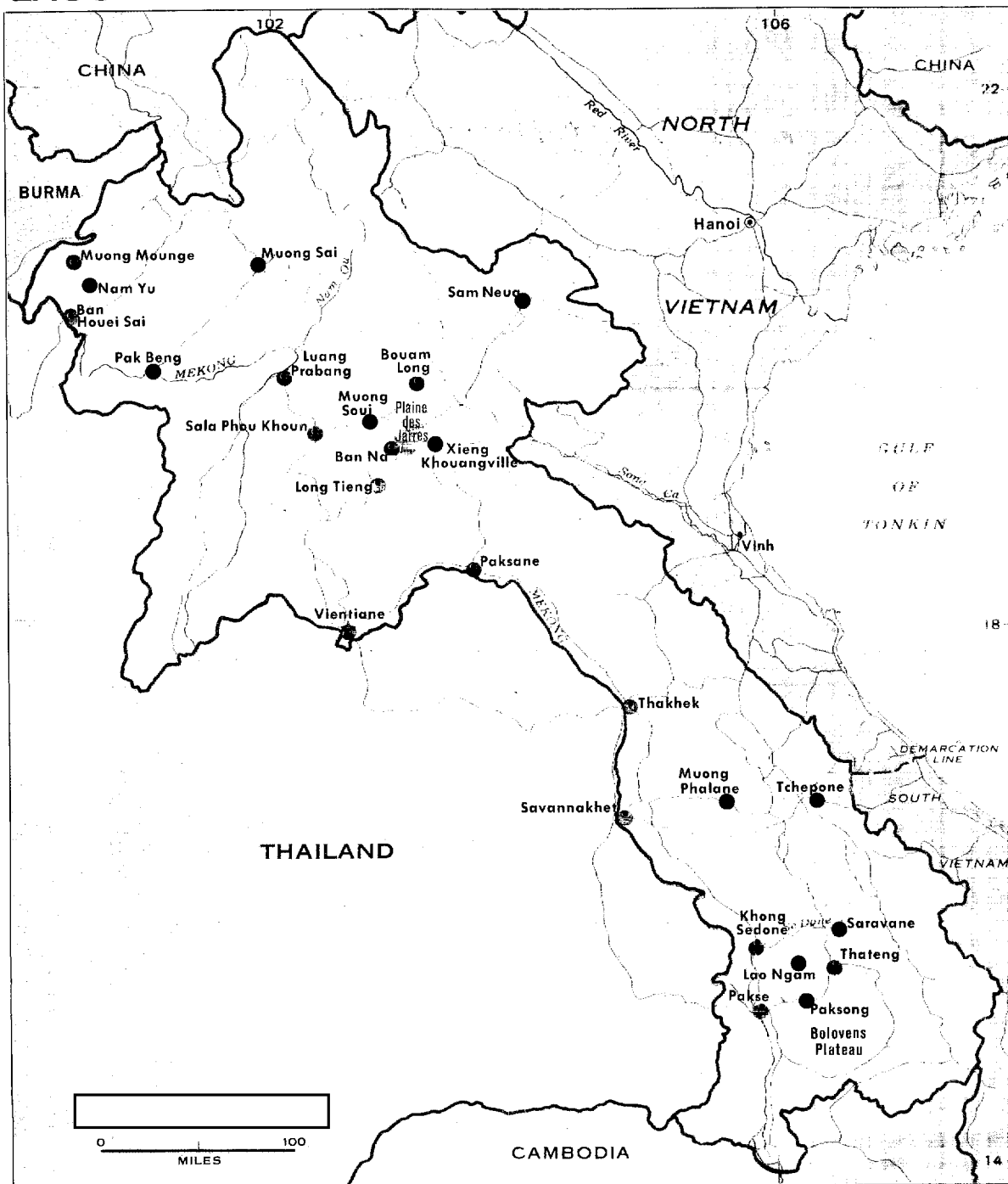
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## LAOS



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LAOS: The Communists appear anxious to get talks in Vientiane started on implementing the cease-fire.

Communist negotiator Phoun Sipraseuth has said that he expects the military subcommittee to produce a "protocol of implementation of the cease-fire" no later than 28 February. Pathet Lao spokesman Soth Phetrasy added that at the first session, scheduled for today, the Communists will table four items: application of the cease-fire, withdrawal of foreign forces, POWs, and supervision and control of the cease-fire. For its part the government has drawn up a list of proposed cease-fire violation check-points, the bulk of which are in the north; several are along the Chinese-constructed road network. A Canadian ICC official has stated that even if the Communist timetable of 28 February is met, ICC teams could not move into the field until sometime between 8 and 12 March.

The level of military activity began to taper off during the weekend, but both sides continued to maneuver to expand their holdings. In the south, government forces moving along Route 13 north of Thakhek were dispersed following a sharp ground attack and are now retreating toward the town. On the Bolovens Plateau, the Communists rebuffed an initial government effort to push back into the Pak-song area. In the north, government forces near the Plaine des Jarres were pushed back from several high-ground positions they have been trying to establish overlooking Xieng Khouangville. The government also lost several small outposts near Bouam Long.

In a Radio Pathet Lao broadcast on 25 February, the Lao Communists gave a clear indication of the territory they consider under Communist control at the time of the cease-fire. The Communists laid claim to the entire "Bolovens Region," specifically

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including Saravane, Paksong, Lao Ngam, and Thateng. In the central panhandle, Muong Phalane was the only area of any significance mentioned. In the north, the broadcast noted that prior to the cessation of hostilities Pathet Lao forces controlled the "Plaine des Jarres - Xieng Khouang Region," Muong Soui, Sala Phou Khoun, and in the far northwest, Muong Mounge and Nam Yu. The only areas not now in Communist hands are Muong Mounge and Sala Phou Khoun in the north and Thateng in the south.

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ISRAEL - ARAB STATES: Arab talk of retaliation continues in the aftermath of Thursday's downing of a Libyan airliner, but no serious anti-Israeli actions have yet been launched.

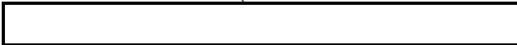
Libyan officials have branded the incident a "premeditated crime" and President Qadhafi may well be in a vengeful mood. He has been unusually silent on the subject, however, and there is no evidence to support press rumors that Libyan fighters have been ordered to search for and destroy Israeli airliners over the Mediterranean. Some peaceful demonstrations did occur in Tripoli on Saturday, but more emotion-  
alism--some of it perhaps directed against the US--is likely to be evident during the funeral of the crash victims, which is apparently set for today in Benghazi. Members of the Black September terrorist organization in Tripoli on Saturday called for using "force against Zionists," and Palestinian guerrilla groups could well be planning some sort of retaliation. (The Egyptian press has in fact reported that after a meeting in Damascus yesterday, Palestinian guerrillas decided to "escalate attacks against Israeli establishments throughout the world and inside Israeli-occupied Arab lands." A fedayeen delegation reportedly will leave shortly for consultations with Libyan leaders.)

Several thousand mourners turned out in Cairo on Saturday for the funeral of two well-known Egyptian TV personalities killed in the crash, and some cries for revenge and war were heard. Also on Saturday, Egypt's parliament called for convening the UN Security Council to discuss the situation. The Secretary General of the Arab Transport Workers Federation has called for a one-hour protest strike at airports and harbors in the Middle East on Wednesday, a request that could be generally observed in view of the emotional nature of the current situation.

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Yesterday's announcement from Tel Aviv expressing Israeli willingness to pay compensation to the families of those killed in the Libyan airliner may help to reduce the furor somewhat, but most Arabs are not likely to be easily assuaged and the Israeli offer could be rejected. The current trend among Arab governments appears to favor political action, but isolated anti-Israeli incidents could occur.



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MEXICO: President Echeverria has renewed his bid to become one of the major political and economic spokesmen for the Third World.

Appearing before congress to discuss his coming six-nation tour that includes visits to Moscow and Peking, Echeverria quickly warmed to his favorite role as spokesman for the world's downtrodden. Without mentioning specific countries, he blamed the rich for the unhappy lot of the poor and called for fuller Third World participation in important international economic decisions.

Warning that world peace will be threatened unless underdeveloped states get a fair share of financial and technological resources, Echeverria said that during his trip he would push to have his "charter of rights and duties for developing nations" brought to the floor of the UN General Assembly. The charter--touted by the Mexican press as the "Echeverria Doctrine"--is a broad set of principles calling for better treatment of the developing nations by the developed. Echeverria asserted that because of its "special respectability," Mexico is uniquely fitted to help solve the international economic crisis and that Mexico's "dynamic participation" in international affairs is a must at this time.

Much of what Echeverria said stems from his genuine desire for Mexico to assume an independent and more significant place in the hemisphere and in the underdeveloped world. In developing this role he sometimes displays hostility toward the industrialized nations and indulges in an occasional direct sally against the US and US-owned businesses. Much of this rhetoric, however, is designed to soothe the Mexican left and bring attention to the social objectives of his administration. [REDACTED]

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USSR: Soviet industrial production during January continued its disappointing performance of last year, according to official figures.

The official measure for over-all industrial production, usually overstated by 1.5 to 2 percentage points, grew by an adjusted rate of 5.9 percent in January over the same period last year. Even this modest growth rate contains some element of rebound from the poor performance of January 1972, when industrial production was adversely affected by extremely poor weather.

Industrial developments observed in the second half of 1972 are for the most part continuing. The output of metallurgical equipment fell significantly below the level achieved in January 1972. Production of petroleum equipment, which was far behind its plan goal in 1972, also continues to lag. Industries producing goods for use in the agricultural sector, however, registered respectable performances. Production of farm equipment increased by 17 percent, tractors by 10 percent, and mineral fertilizer by 12 percent. Increases in the output of television sets and refrigerators were also up significantly.

The output of industrially processed meat was down 3 percent this January, a harbinger of reduced availability in state outlets in the coming months. Although feed was in short supply, the problem apparently was not severe enough to cause distress slaughtering. The Soviets probably have decided to maintain the size of winter livestock herds in order to prevent a decline in meat production in the future.

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NICARAGUA: Opposition to the Somoza regime is spreading and becoming more vocal, and the interim coalition government may yet prove to be one of the casualties of the recent earthquake.

Many members of the business and professional middle class, usually politically neutral, suffered heavily from the earthquake and subsequent looting, and criticize the government for doing less than it could to help them recover their losses. In addition, since much of the looting was apparently done by the National Guard, they blame Somoza for his inability to exercise proper control.

Opposition ranks have also been swelled by a faction of the Conservative Party, which has until now participated in the coalition. Since the disaster, its leader, Fernando Aguero, has repeatedly protested Somoza's reducing the government to puppet status and assuming control himself. Although Aguero has now withdrawn his threat to resign from the government, the decision may be academic, since the legislature and executive council--controlled by Somoza's Liberal Party--have the power to expel him and may do so. The Conservative seat on the council could then be filled by someone from the more cooperative faction, and the facade of coalition maintained. As opposition builds, however, Somoza may consider it expedient to give up the fiction of coalition government and assume direct control. [ ]

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EGYPT-USSR: The arrival in Moscow today of Egyptian War Minister Ahmad Ismail Ali provides further evidence of the importance of Soviet military aid to Cairo. Egypt's continuing need for spare parts and replacements for existing equipment will probably be a primary topic of discussion, although the Egyptians may renew their long-standing requests for more sophisticated hardware as well. According to an Egyptian Embassy official in Moscow, Kremlin officials indicated their readiness to continue military support of a "defensive" nature during the visit of presidential adviser Hafiz Ismail to the Soviet Union in early February. The Egyptian also stressed, however, that Cairo had no intention of reintroducing a large Soviet military presence into Egypt. [REDACTED]

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NATO-MBFR: The North Atlantic Council will meet today to consider the US proposals designed to end the lengthy stalemate over Hungarian participation in MBFR. As anticipated, the Soviets and Hungarians on 23 February formally and categorically rejected the Western proposal for inclusion of Hungary made last week. The US proposal is that the NATO countries consider another approach in which the status of Hungarian participation will be resolved later. The US has also suggested that NATO simultaneously consider a fall-back position that would list Hungary as a consultative participant only--a suggestion that will probably come under attack today. Several allies, including the British, West Germans, Belgians, and Dutch feel that NATO need not act in haste, and that it would be unwise to consider and prepare several fall-back positions at this time. [REDACTED]

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